

CLEAR VIEWPOINTS

From Industry Leaders We Know and Respect



Steven Migliero
Crystal Financial

Steven Migliero is Co-Chief Executive Officer of Crystal Financial. Previously Steve was a Senior Managing Director responsible for leading the originations team in sourcing and structuring new investments. Steve has over 20 years of experience working with middle-market companies and private equity sponsors as a cash flow and asset-based lender.

Prior to joining Crystal, Steve was a Senior Vice President of Originations in GE Capital's Sponsor Finance Group and was responsible for originating and structuring secured debt investments for Sponsor backed companies.

Steve began his career with GE Capital Commercial Finance as a field auditor and advanced through several underwriting and portfolio management positions prior to moving into new business development. Steve received a B.S. in Finance from Boston College and a M.B.A from NYU.

Q: What led you to pursue a career in commercial finance?

A: Nothing actually related to commercial finance! Coming out of college I was offered a job as an ABL field examiner at GE Commercial Finance and thought the opportunity to travel the country and visit different types of businesses would be interesting and fun.

Q: What part of your job do you find most satisfying? Most challenging?

A: The most satisfying part of my job is working with smart and experienced people who are great at problem solving to meet the credit needs of our borrowers. The most challenging part of my job today is the competitive market environment. Significant amounts of capital have been raised to address middle market financing needs resulting in structures and risk adjusted pricing that is extremely aggressive. Staying disciplined is extremely important.

Q: Given the current uncertainty in the economic environment, what are some of the challenges facing your middle market borrowers?

A: Tariffs have affected several of our borrowers who have purchased incremental inventory to mitigate

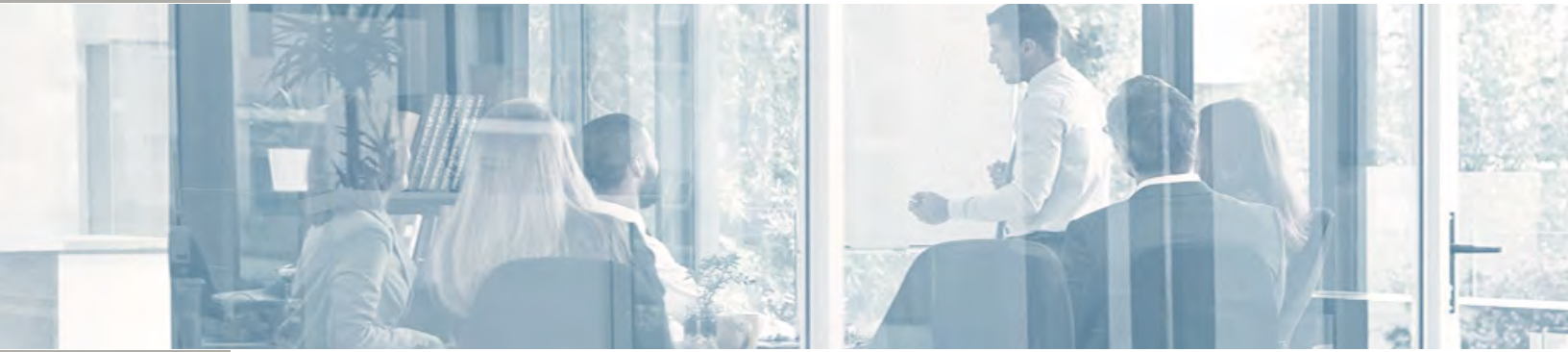
potential increased prices coming out of China. Having a surplus of goods at reasonable prices to support your customers makes a ton of sense, but often can create a strain on near term liquidity.

Q: Can you identify any important changes in the first and second lien term loan sector over the past few years?

A: The overall aggressiveness of the debt capital markets and the amount of capital that has been raised. Many investment professionals today have never lived through a cycle (it's been a good 10-year run!) and underestimate how businesses will perform when the cycle does actually hit. The end result is leading to very high-risk capital structures.

Q: In your opinion, what does the future hold for the first and second lien term loan sector?

A: As is typical, I think there will be a recession at some point and the more aggressive new entrants to the market will go away. There will be a rationalization within the space. However, the market will remain resilient as the total amount of capital raised over the past several years will still be enough to keep the market competitive.



Q: Can you identify a major trend that you believe will impact commercial finance in 2019?

A: Increasing amounts of distress. High leverage and the high percentage of EBITDA adjustments not converting to actual cash will start to effect borrowers.

Q: Can you share a business philosophy that you live by?

A: Be patient...which is not something that comes naturally to me! The next good opportunity is right around the corner no matter how unlikely it seems at the moment.

Q: What are some of your personal interests?

A: Participating in athletic activities of all types and cheering on Boston sports teams!

Q: Do you have any advice for someone interested in a career in commercial finance?

A: Start out at a place where you will see a significant amount of opportunities, work hard, and listen a lot. Learning how to be a good investor is an apprenticeship that can only be learned through significant transaction experience.